**Direct Taxes**

(Rs. in Crore)

| Year | Revenue Collected | % Growth |
|---|---|---|
| 2002-03 | 83088 | 20.07 |
| 2003-04 | 105088 | 26.48 |
| 2004-05 | 131918 | 25.53 |

(c) and (d) Growth of direct tax/indirect tax arrears are as under:

**Direct Tax Arrears**

| Financial Year | Arrears at the end of the year | % Growth over last year |
|---|---|---|
| 2002-03 | 72290 | -0.52% |
| 2003-04 | 87886 | 21.57% |
| 2004-05 | 100379 | 14.22% |

**Indirect Tax Arrears**

CENTRAL EXCISE

| Financial Year | Arrears at the end of the year | % Growth over last year |
|---|---|---|
| 2002-03 | 11502 | 0.90% |
| 2003-04 | 12613 | 9.66% |
| 2004-05 | 12195 | -3.31% |

CUSTOMS

| Financial Year | Arrears at the end of the year | % Growth over last year |
|---|---|---|
| 2002-03 | 2718.50 | 0.39% |
| 2003-04 | 2725.62 | 0.26% |
| 2004-05 | 2940.06 | 7.86% |

**Fresh incentives for implementation of VAT**

848. DR. T. SUBBARAMI REDDY:
SHRIMATI JAMANA DEVI BARUPAL:

Will the Minister of FINANCE be pleased to state:

(a) whether the Empowered Committee of State Finance Ministers ...

VAT has given fresh sweeteners to ensure easy implementation of VAT and also achieve convergence in VAT rates;

(b) if so, whether in the meeting held on April 2005, the Committee exempted certain items of mass consumptions like salts and breads of all kind (branded and unbranded) and also these items under the PDS;

(c) the main items exempted from VAT and to what extent this decision has been helpful to the consumers as well as traders; and

(d) whether Committee has also agreed to reconsider further exemption of VAT in other consuming items?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Empowered Committee of State Finance Ministers decided to revise the rates of VAT in respect of certain commodities in its meeting held on 26 April 2005, after due consideration of the proposals/representations received by the Committee from the State Governments, trade associations and other stake holders. This has been done for smooth implementation of VAT and for achieving uniformity in the VAT rates in various States. As part of this exercise, certain commodities, mostly consisting of items of mass consumption have been exempted from VAT. These items include salt, bread, atta, maida, suji and besan, gur & jaggery, papad and items covered by PDS (except kerosene). This decision should help the traders and consumers, as the prices of these items should come down due to reduction in tax burden.

(d) The Empowered Committee also decided in its meeting held on 26 April 2005 that there will be no further changes in the rates till the system stabilizes and there is reliable feedback from the market. The Committee further decided in its meeting held on 09 July 2005 that it is not in favour of a general review of rates of VAT at this stage.

**Norms in banks for cheques written in Urdu**

849. MAULANA OBAIDULLAH KHAN AZMI:
SHRI MOTIUR RAHMAN:

Will the Minister of FINANCE be pleased to state:

(a) the details of the banks which entertain correspondence, forms and cheques written in Urdu and those which do not entertain;